

BLUE CROSS OF NORTHEAST OHIO
FINANCIAL AND STATISTICAL STATEMENTS
DECEMBER, 1965

BOARDS

MRb

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EXHIBIT 1

ASSETS
December 31, 1965

<u>CASH</u>		
Deposits in Commercial Accounts.....	\$ 4,642,901.25	
Savings Deposits at Interest.....	603,057.31	
On Hand.....	<u>600.00</u>	\$ 5,246,558.56
<u>INVESTMENTS</u>		
United States Government Securities.....	18,764,752.98	
Public Utility & Industrial Securities.....	<u>165,360.43</u>	18,930,113.41
<u>ACCRUED INTEREST</u>		264,226.09
<u>ACCOUNTS RECEIVABLE</u>		
Group Subscribers.....	2,100,275.78	
Medical Mutual of Cleveland, Inc.....	93,032.49	
Ohio Medical Indemnity, Inc.....	25,409.44	
Advances for Other Service Plans.....	285,693.99	
Inter-Plan Service Benefit Bank.....	337,868.96	
Prepaid Premiums - Employees' Retirement Plan..	<u>57,437.16</u>	2,899,717.82
<u>TOTAL ADMITTED ASSETS</u>		<u>\$27,340,615.88</u>
<u>MEMORANDUM ACCOUNT - NON-ADMITTED ASSET:</u>		
Air Travel Deposit.....	<u>\$ 425.00</u>	

EXHIBIT 2

LIABILITIES AND RESERVES

December 31, 1965

<u>UNEARNED INCOME (LEGAL RESERVE).....</u>	\$ 7,053,622.23
<u>DUE HOSPITALS FOR ACCRUED BILLINGS, INCOMPLETE,</u> <u>UNDISCHARGED AND UNREPORTED CASES.....</u>	12,410,534.37
<u>ACCOUNTS PAYABLE, ACCRUED ACCOUNTS, AND OTHER LIABILITIES</u>	
General Accounts Payable.....	\$ 68,052.90
Deposits for Claims of National Accounts.....	487,749.61
Unclaimed Checks.....	46,696.80
Medical Mutual of Cleveland, Inc.....	323,021.15
Ohio Medical Indemnity, Inc.....	28,364.42
Income Taxes Withheld from Employees.....	22,062.06
Deposited for Purchase of U.S. Savings Bonds....	1,195.52
Federal and State Social Security Taxes.....	11,141.71
Accrued Employees' Compensation.....	95,603.06
Reserve for Employees' Retirement Plan.....	12,500.00
Special Fund Reserve.....	<u>1,146.97</u>
	1,097,534.20
<u>RESERVE FOR CONTINGENCIES.....</u>	<u>6,778,925.08</u>
<u>TOTAL LIABILITIES AND RESERVE.....</u>	<u>\$27,340,615.88</u>
Total Persons Protected.....	1,728,436
Contingencies Reserve Per Capita.....	\$3.92
Contingencies Reserve in Months of Hospital and Administrative Expense.....	.79



EXHIBIT 3

STATEMENT OF INCOME AND EXPENSE December, 1965

	<u>DECEMBER</u>	<u>FIRST HALF</u>	<u>LAST HALF</u>	<u>YEAR TO DATE</u>
<u>INCOME</u>				
Earned Income from Subscribers.....	\$ 8,655,071.93	\$49,361,575.88	\$50,024,790.91	\$99,386,366.79
<u>EXPENSE</u>				
Administrative Expense.....	<u>225,801.27</u> <u>8,429,270.66</u>	<u>1,056,526.88</u> <u>48,305,049.00</u>	<u>1,132,915.35</u> <u>48,891,875.56</u>	<u>2,189,442.23</u> <u>97,196,924.56</u>
<u>HOSPITAL SERVICES</u>				
Estimated Incurred Claims for Hospital Care.....	7,955,500.00	49,476,439.46	50,361,900.00	99,838,339.46
Less: Refunds covering Compensation Claims, etc.....	<u>28,353.19</u> <u>7,927,146.81</u>	<u>118,354.16</u> <u>49,358,085.30</u>	<u>116,178.74</u> <u>50,245,721.26</u>	<u>234,532.90</u> <u>99,603,806.56</u>
	502,123.85	-1,053,036.30	-1,353,845.70	-2,406,882.00
<u>OTHER INCOME AND ADJUSTMENTS</u>				
Income from Investments.....	76,441.84	378,360.84	384,545.17	762,906.01
Alteration Expense.....	<u>-23,541.96</u> <u>52,899.88</u>	<u>3,316.76</u> <u>381,677.60</u>	<u>-92,152.16</u> <u>292,393.01</u>	<u>-88,835.40</u> <u>674,070.61</u>
<u>CHANGE IN RESERVE FOR CONTINGENCIES</u> <u>FROM 1965 OPERATIONS.....</u>	555,023.73	-671,358.70	-1,061,452.69	-1,732,811.39
<u>ADJUSTMENT TO CONTINGENCIES RESERVE</u> <u>DUE TO PAYMENT ADJUSTMENTS AND</u> <u>DETERMINATION OF ACTUAL HOSPITAL</u> <u>SERVICES INCURRED, 1964.....</u>	<u>-0-</u>	<u>504,578.45</u>	<u>-0-</u>	<u>504,578.45</u>
<u>NET CHANGE IN CONTINGENCIES RESERVE.....</u>	<u>\$ 555,023.73</u>	<u>\$ -166,780.25</u>	<u>\$ -1,061,452.69</u>	<u>\$ -1,228,232.94</u>

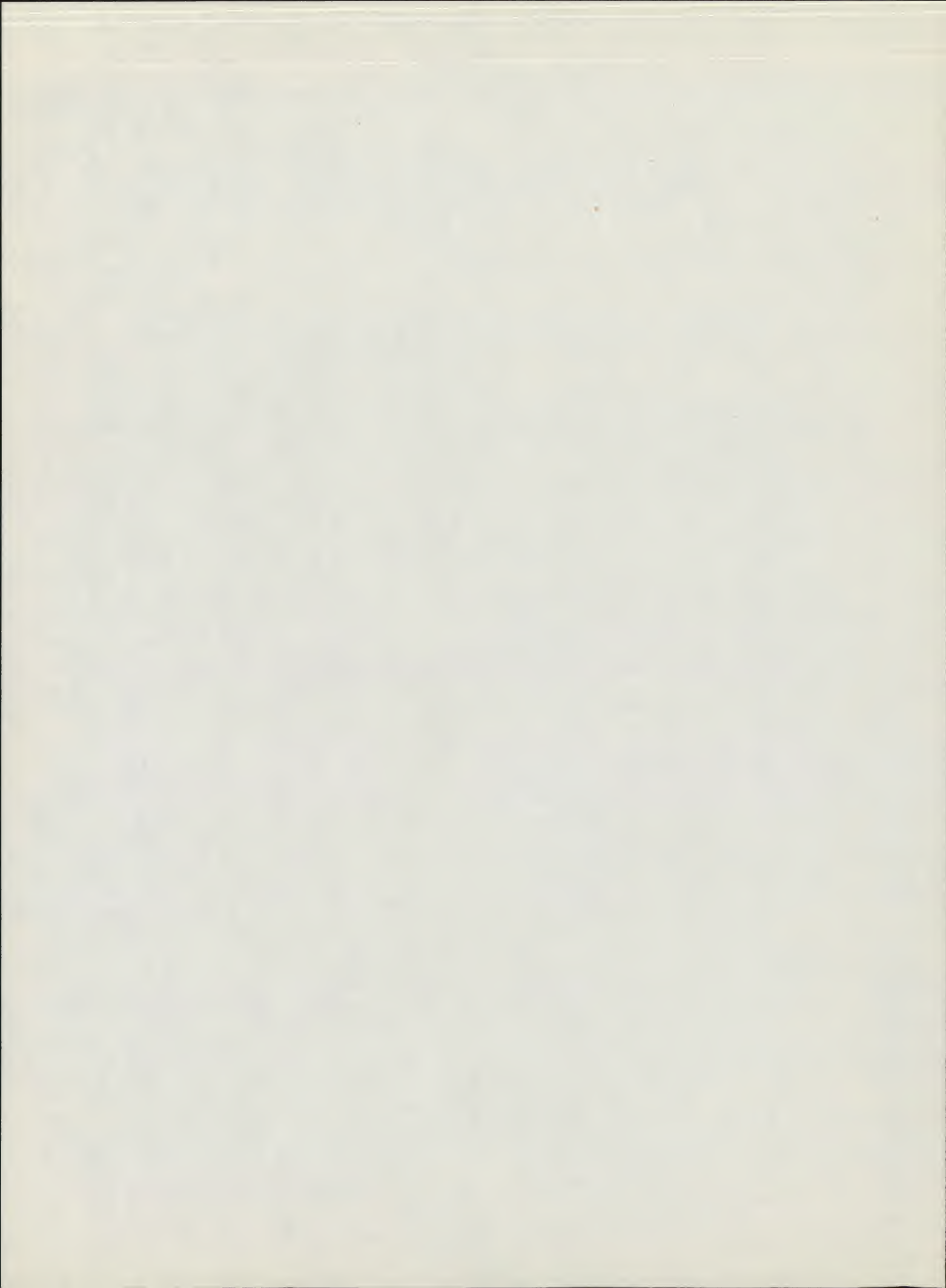


EXHIBIT 13

STATEMENT OF OPERATIONS - 1934 TO DATE December 31, 1965

	1934-1962	YEAR 1963	YEAR 1964	YEAR TO DATE 1965	JULY 1, 1934 TO DECEMBER 31, 1965
<u>INCOME FROM SUBSCRIBERS</u>	\$719,035,547.41	\$93,474,278.18	\$97,697,744.84	\$99,386,366.79	\$1,009,593,937.22
<u>ADMINISTRATIVE EXPENSE</u>	25,273,112.72	1,989,654.69	2,002,647.96	2,189,442.23	31,454,857.60
	693,762,434.69	91,484,623.49	95,695,096.88	97,196,924.56	978,139,079.62
<u>HOSPITAL SERVICES INCURRED</u>	694,268,387.82	88,664,395.04	94,667,471.12	99,603,806.56	977,204,060.54
	-505,953.13	2,820,228.45	1,027,625.76	-2,406,882.00	935,019.08
<u>OTHER INCOME LESS</u>					
<u>OTHER DEDUCTIONS</u>	3,810,030.83	602,850.72	756,953.84	674,070.61	5,843,906.00
	3,304,077.70	3,423,079.17	1,784,579.60	-1,732,811.39	6,778,925.08
<u>CONTINGENT LIABILITY</u>	207,684.76	-207,684.76	-0-	-0-	-0-
<u>TO CONTINGENCIES RESERVE(A)\$</u>	<u>3,511,762.46</u>	<u>\$ 3,215,394.41</u>	<u>\$ 1,784,579.60</u>	<u>\$-1,732,811.39</u>	<u>\$ 6,778,925.08</u>

PERCENTAGE DISTRIBUTION OF SUBSCRIBER INCOME

<u>HOSPITAL SERVICES INCURRED</u>	96.56	94.85	96.90	100.22	96.79
<u>ADMINISTRATIVE EXPENSE</u>	3.51	2.13	2.05	2.20	3.12
<u>CONTINGENT LIABILITY</u>	-.03	.22	-	-	-
<u>CONTINGENCIES RESERVE</u>	-.04	2.80	1.05	-2.42	.09
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

Persons Protected	1,742,035	1,710,422	1,719,330	1,728,436	
Contingent Liability Per Capita	\$.12	\$ -	\$ -	\$ -	
Contingencies Reserve Per Capita	2.02	3.93	4.95	3.92	
Contingencies Reserve in months of					
Hospital and Administrative Expense	.47	.88	1.02	.79	

(A) Reduction in Contingencies Reserve limited by Inter-Hospital Agency Contract provision to maintain reserves at minimum level.

Cleveland Blue Cross began operations July, 1934.
Akron Blue Cross began operations January, 1937.

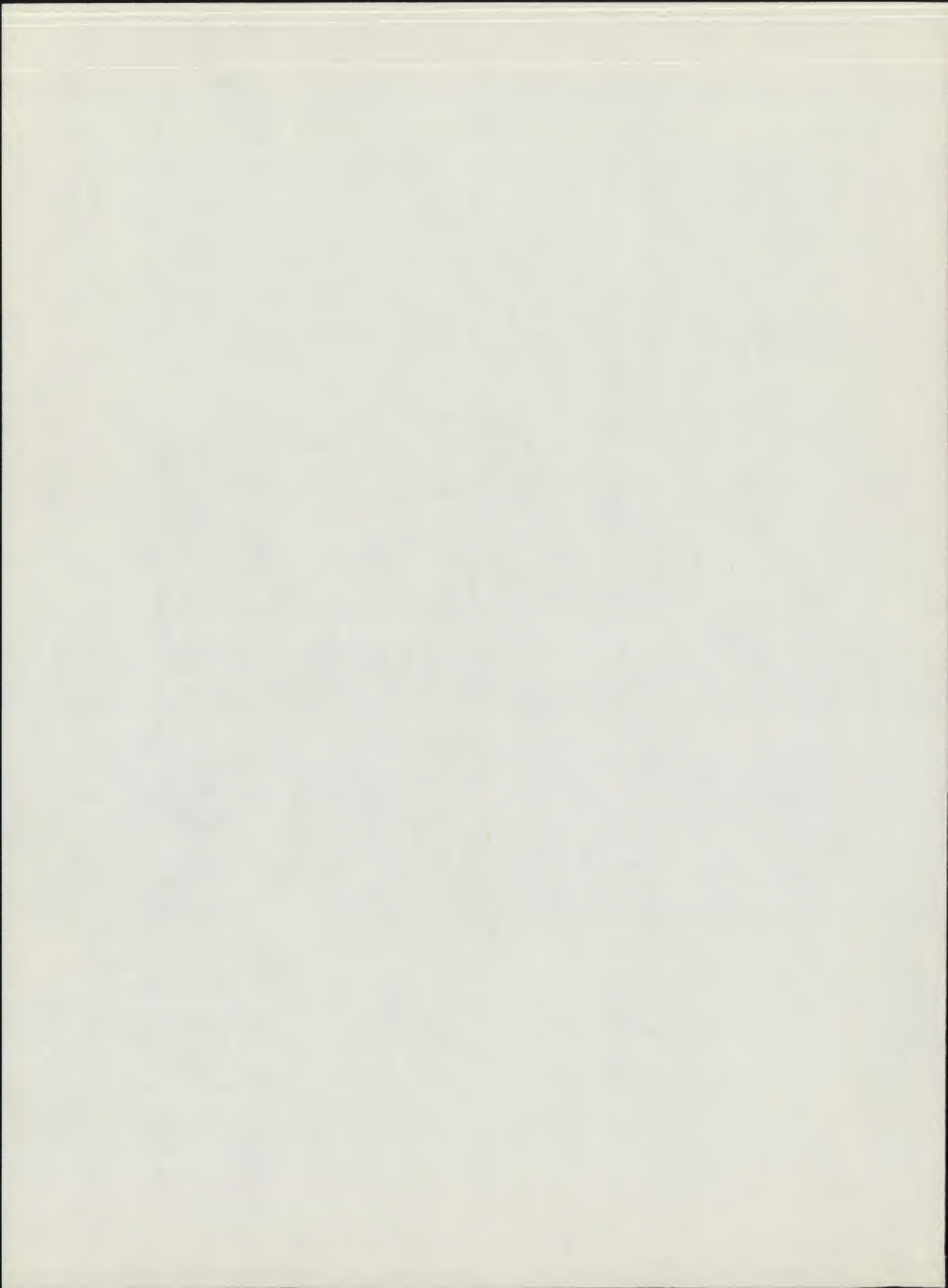


EXHIBIT 14

SUBSCRIBERS December 31, 1965

	PROTECTED(A)				
	INDIVIDUAL	FULL FAMILY	COMBINED	SERVED(B)	TOTAL
PERSONS PROTECTED AND SERVED					
Previous Month.....	238,655	1,502,724	1,741,379	74,478	1,815,857
Additions.....	-882	-12,061	-12,943	40	-12,903
As of this Date.....	<u>237,773</u>	<u>1,490,663</u>	<u>1,728,436</u>	<u>74,518</u>	<u>1,802,954</u>
CONTRACTS					
Previous Month.....	238,655	420,633	659,288	26,032	685,320
Additions.....	-882	-3,152	-4,034	15	-4,019
As of this Date.....	<u>237,773</u>	<u>417,481</u>	<u>655,254</u>	<u>26,047</u>	<u>681,301</u>
AT END OF CALENDAR YEAR					

<u>PROTECTED(A)</u>			<u>PROTECTED(A)</u>			<u>PERSONS SERVED(B)</u>
<u>YEAR</u>	<u>CONTRACTS</u>	<u>PERSONS</u>	<u>YEAR</u>	<u>CONTRACTS</u>	<u>PERSONS</u>	
1934	3,220	3,220	1950	542,807	1,258,858	
1935	18,473	18,473	1951	566,388	1,351,566	
1936	42,500	42,500	1952	599,716	1,434,332	
1937	91,654	91,654	1953	625,723	1,557,370	
1938	116,974	173,944	1954	634,535	1,581,975	
1939	171,212	316,425	1955	662,865	1,697,557	
1940	238,027	464,979	1956	670,460	1,733,542	
1941	304,808	617,294	1957	674,141	1,778,509	
1942	332,284	697,595	1958	666,132	1,770,623	
1943	369,350	786,387	1959	683,681	1,825,097	
1944	399,731	854,274	1960	672,701	1,801,331	43,870
1945	401,889	870,241	1961	663,820	1,780,567	43,870
1946	473,163	1,036,063	1962	651,235	1,742,035	43,870
1947	489,381	1,083,538	1963	643,245	1,710,422	68,507
1948	490,775	1,102,656	1964	646,084	1,719,330	72,885
1949	493,275	1,130,716				

(A) Persons are considered protected if B.C.N.O. has issued the contract to the subscriber.

(B) Persons are considered served if another Blue Cross Plan has issued the contract to the subscriber under a National Plan and B.C.N.O. has agreed with the Plan to service the hospital benefits for the local subscribers.



